



Statement of Rep. Carolyn B. Maloney,

Chair of the Joint Economic Committee

“TARP Accountability and Oversight: Achieving Transparency”

March 11, 2009

As Prepared for Delivery

The focus of this hearing is on the need for better information on the use and beneficiaries of TARP funds. As has become alarmingly clear, we have very little idea where the money has gone or what good it has done. Not knowing is not acceptable. The efforts of the Panel and of independent advocates such as PIRG to get this information are critically important to the ability of this Congress to ensure that taxpayer money is used as intended – to restore financial stability so that our economy can recover.

Last week, I wrote to Fed Reserve Chairman Bernanke, reiterating a request I had made in November 2008 for a full accounting of the Fed’s purchase of assets on which AIG had written credit default swaps insuring the performance of those assets as part of the bailout of AIG. I requested information on who the Fed purchased the assets from, how much each of them received, and how the prices for the assets – collateralized debt obligations, credit default swaps, and residential mortgage backed securities -- were determined in a frozen market. I attached a letter I had just received from Nobel laureate and noted economist Joseph Stiglitz, also requesting release of this information. As he said, the provision of this information is essential to informed discussion of how the TARP is doing in achieving its goals of restoring stability to our financial system, getting credit flowing, and reducing foreclosure rates.

So far I have not received an answer.

However, the Wall Street Journal seems to have gotten some of the information I asked for from a confidential source. On Saturday they published a list of some of the banks that have reportedly received the money and some information about how much they have received. Now we have a situation where elected representatives of the taxpayers are denied this information even when it is leaked by confidential insiders to the Wall Street press. It raises serious questions about how decisions on the use of TARP funds are being made and who exactly is accountable to the American people.

The reports done by the Congressional Oversight Panel to date -- including the most recent report on foreclosure mitigation and the report on valuation of Treasury’s purchases of preferred stock -- show that, due to poor design and execution by the Bush administration, we have almost no information about where the TARP funds have gone and whether they are making any difference. The two GAO reports likewise note that the TARP lacks adequate systems of

tracking and accounting for expenses. Advocates from PIRG to Mr. Pollack seem to agree. We are in desperate need of data.

Last week, I introduced a bill that will take one step in the direction of getting more data. H.R. 1242 would create a central government data base for the use of the TARP oversight entities with real time financial information on TARP recipients from the multiple government entities to which these financial institutions presently report such data. My bill would require this data to be translated into a standard format that would enable compilation and comparison of the information so that trends or totals can be easily seen. The fact that this data would be available in real time would enable the oversight bodies to spot misdirection of the program before it is irreversible, so that preventive action could be taken. We would not be here months after the fact asking how much the government paid who for what. We would have known right away and been able to decide whether to let other similar purchases go forward or not.

There are other legislative proposals as well that call for greater accountability and transparency, such as the bill that passed the House in January, H.R. 384. These bills lay down in no uncertain terms the marker: this Congress expects better use of the second tranche of TARP funds than was made of the first.

We have to find a better balance between how the TARP is being administered and the public's right to know how their money is being spent. Transparency and accountability must be transformed from slogans to achievable actions.

I look forward to the testimony.